

Tennessee Student Assistance Corporation

January 2003

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FROM THE EXECUTIVE DIRECTOR

The following comments were given at the Tennessee Higher Education Commission meeting on January 30, 2003:

TSAC's mission is to provide financial assistance for post-secondary educational opportunities to Tennessee students. We also have a vision at TSAC and that is to provide superior service to our customers who include students, parents, schools, and lenders. In order to achieve our vision and mission, TSAC is closely assessing our responsibilities in financial aid delivery and guaranty agency operations. We want to make sure that we are doing the very best job possible for the students of Tennessee.

In financial assistance programs, the 2002-03 academic year has been a very good year for the students of Tennessee. Our basic program for assistance to needy students, the Tennessee Student Assistance Award, realized record awards. This year a total of nearly \$47 million was available. This translates into assistance for 39,821 needy students. I can state for certain that with this award directly translates to increased access for our neediest students. The average award in this program is \$1,180.

There is, however, another group of students that we would like to serve. Approximately 96% of the students that we serve in the Tennessee Student Assistance Award have family incomes below \$30,000. In comparison, the Federal Pell Grant generally tops out at approximately \$45,000 for a family of four.

In our two academic scholarship programs, we are serving 749 students with the Ned McWherter Scholars Program and the Robert C. Byrd Honors Scholarship Program. In our two loan forgiveness programs, we are serving 325 students with the Minority Teaching Fellows Program and the Tennessee Teaching Scholars Program. The teaching assistance program helps approximately 140 new teachers for the State each year.

TSAC's guarantying of student loans continues to see increases. Last year, the number of borrowers increased 20% to 168,529. The average loan increased by 7% to \$4,266.

The good news is that TSAC is maintaining an excellent financial position as a guarantor of student loans in Tennessee and Mississippi. Competition today in the student loan industry is intense. The fact that our guaranty portfolio is increasing means that TSAC continues to maintain excellent relationships with the schools and lenders that we are associated with.

The bad news, however, is that as the number of borrowers rises and the amount that is owed increases, borrowers are beginning to experience encroachment upon major purchases as reported in a recent New York Times article. Or just as worse, some students may forgo education because of their increasing debt burden.

At TSAC, we are sensitive to this. As a guaranty agency, we feel that we have a responsibility to foster sensible borrowing and reasonable repayment. We always stress to students to borrow what you need, not what you want. We are also focusing on default prevention and initiating programs that focus on students while they are in school rather than after they graduate or leave school. Another way to lower student debt borrowing is additional forms of student aid. TSAC will continue to request increases in the state grant program and look forward to being a part of the lottery scholarship effort.

We will continue to help needy students realize their educational goal and look forward to the opportunity to assist students with new sources of financial assistance. Thank you.

GUARANTEC ANNOUNCES STAFF PROMOTIONS

The following changes within the Guarantec organization have been announced:

Missy Markis was recently promoted to Manager of Marketing, Originations and Disbursements. She has been at Guarantec for 8 years and will be responsible for Guarantec's operational aspects of loan originations and disbursements, sales and marketing efforts, industry initiatives for the organization, and form distribution.

Levis Hughes was recently promoted to Guarantor Product Manager. He will be responsible for guarantor products that interface with any part of Nelnet. This responsibility will have two main thrusts: ensuring that Guarantec's products such as e*CLIPS, e*GRandS and ClipsLink continue to be current and best-in-class, and ensuring Nelnet's products are interfacing well with other guarantors.

Liz McClain was recently promoted to Associate Director of Systems Solutions. In her new role, Liz will have responsibility for the technical development and implementation of all Nelnet internet products, including Guarantec's e*CLIPS, e*GRandS and ClipsLink.

While Liz and Levis have moved from Guarantec to other parts of the Nelnet organization, they are still involved and responsible for all of Guarantec's internet-related software products and will continue to support the changing needs of the Guarantec clients.

EMPLOYMENT OPPORTUNITY

FIELD SERVICE REPRESENTATIVE

Firm that provides default prevention services for student loan borrowers has expanded and is seeking a Field Service Representative in TN. Duties include visit to schools, lenders, interaction with student loan borrowers through field visits. Experience in the student loan industry helpful. Need excellent interpersonal skills, ability to meet deadlines. Send resume with cover letter to: R&B Receivables Management, Inc., 860 Northpoint Blvd., Waukegan, IL 60085 attn: Deborah Figueroa or fax 847-887-8501. EOE

FEDERAL UPDATE

GEN-02-10: MULTI-YEAR USE OF MASTER PROMISSORY NOTES BY SCHOOLS

ED has announced a change in policy concerning the use of the master promissory note (MPN) by schools. [GEN-02-10](#) announces that all schools are now authorized to use the MPN unless they have been told specifically that they cannot use it. Effective March 1, 2003, FFELP schools can use the MPN for any loan, regardless of the loan period. All Direct Loan schools will begin using the MPN for the 2003-2004 year after the 2.0 Release of the Common Origination and Disbursement System. On December 4, ED re-posted GEM-02-10, but now lists it as GEN-02-10 / G-02-341 / L-02-235. The only change in the text appears to be the addition of a footnote that states, "Additional guidance on the use of the new PLUS MPN will be provided shortly. In addition, we are currently working on an MPN for the Federal Perkins Loan Program. It is the Secretary's intent to approve all schools that participate in the Perkins Loan Program for multi-

year use of the new Perkins MPN. Details of the Perkins MPN implementation will be provided in a subsequent Dear Colleague Letter."

GEN-02-11: ELIGIBILITY OF HOME-SCHOOLED STUDENTS – INSTITUTIONAL AND STUDENT ELIGIBILITY

ED has issued [GEN-02-11](#) to address the eligibility of home-schooled students for Title IV student financial aid, and to describe the circumstances under which enrollment of "underage" home-schooled students may affect an institution's eligibility to participate in the Title IV, HEA programs. Under HEA student eligibility provisions, a student who "completes a secondary school education in a home setting that is treated as a home school or private school under State law" may receive Title IV aid provided, of course, that all other eligibility criteria have been met.

Title 49 of the Tennessee laws sets the age of compulsory attendance for a home-schooled student at seventeen (Title 49 Education, Chapter 6 Elementary and Secondary Education, Part 30 Attendance, 49-6-3001 (c)(2)(D)).

GEN-02-12: APPROVAL OF FFEL, PERKINS, AND DIRECT LOAN TOTAL AND PERMANENT DISABILITY DISCHARGE APPLICATION

ED's [GEN-02-12](#) contains a new total and permanent disability discharge application. If a borrower applies for a total and permanent disability discharge of any of the three Title IV loan programs on or after March 31, 2003, the new "Loan Discharge Application: Total and Permanent Disability" form must be completed. Current forms can be used for requests received up to March 31.

MARTIN LUTHER KING, JR. SCHOLARS PROGRAM SEEKS APPLICANTS FOR 2003

ED has issued [GEN-03-01](#), which announces the Martin Luther King, Jr. Scholars Program for 2003. This program, which is open to continuing juniors, seniors, and graduate students, provides an eight-week paid internship in the United States Department of Education's Washington, D.C. office. The release contains a fact sheet and a copy of the announcement letter in Adobe Acrobat format.

REPORTING OF 2002-2003 INCORRECT PELL ORIGATION ID/AWARD ID TO COD

ED has alerted Common Origination and Disbursement (COD) Phase-In Schools about problems associated with reporting and correcting Origination IDs in the COD 2002-2003 processing year. Upon implementation of the COD system, a new student identifier was put into place. The new student identifier differs from the student identifier that was used for reporting prior years in Pell, which was the Origination ID. In an effort to make the transition period for Full Participant Schools as smooth as possible by maintaining current record layouts and business practices, COD maintains the Origination ID even though it is not a student key in the COD

system. COD has eliminated the ability of updating an Origination ID after a student record has been established in the COD system.

Phase-In Schools that receive records with edit 331 (COD edit 827) and edit 402 (COD edit 848) should read the complete [electronic announcement](#).

ED SEEKS COMMENTS ON PERKINS MASTER PROMISSORY NOTE

On December 30, ED released a [Federal Register](#) requesting comments on the Perkins Loan Master Promissory Note. Comments are due by February 28. When following the link, scroll down to “Education Department,” “Notices” and select “Agency Information Collection Activities.” The information is available in MS Word or Adobe Acrobat format.

ED REQUESTS COMMENTS FROM LENDERS ON CREATION OF AN ELECTRONIC DEBIT ACCOUNT PROGRAM FOR BORROWERS

ED has released a [Federal Register](#) requesting comments by March 11 on the creation of an Electronic Debit Account Program that can be used by borrowers to repay their student loans. When following the link, scroll down to “Education Department NOTICES” and select “Agency information collection activities: Proposed collection; comment request, 1444 [03–531].” It is available in MS Word or Adobe Acrobat format.

ED ISSUES DEAR PARTNER LETTER ON RESPONDING TO CONSOLIDATION LOAN REQUESTS

ED has issued [GEN-03-02](#), [G-03-344](#), and [L-03-238](#) to remind loan holders of their responsibility to respond to consolidation loan verification requests within 10 business days. If the lender is unable to provide the information within 10 business days, the reason must be provided. Lenders failing to comply with this requirement are subject to fines or other sanctions.

ED SEEKS COMMENTS ON PROPOSED CHANGES TO IPEDS

ED seeks comments on proposed changes to the Integrated Postsecondary Education System (IPEDS). Interested parties must provide their comments by February 24. When following this [link](#), scroll down to “Education Department,” “Notices,” and select “Proposed collection; comment request, 78426.”

IRS FINAL RULES ON HOPE SCHOLARSHIP AND LIFETIME LEARNING TAX CREDITS

The Internal Revenue Service (IRS) issued final rules for claiming Hope Scholarship or Lifetime Learning tax credits. The rules went into effect on December 26, 2002. [The Federal Register](#) contains the rules. Scroll down to “Internal Revenue Service,” “Rules” and select “Education Tax Credit.” The information is available in MS Word or Adobe Acrobat format.

INS CHANGES DEADLINE FOR COLLEGES TO TRACK FOREIGN STUDENTS

The Immigration and Naturalization Service (INS) has changed the deadline for colleges to report to the Student and Exchange Visitor Information System (SEVIS). The deadline of January 30, 2003 has been extended to August 1, 2003. The [Federal Register](#) provides clear standards governing the maintenance, extension and reinstatement of student status. When following the link, scroll down to the "Immigration and Naturalization Service" section. The complete text is available in MS Word or Adobe Acrobat format.

2002-2003 PELL GRANT YEAR-TO-DATE FILE AVAILABLE

A [2002-2003 Pell Year-to-Date file](#) (YTD) is now available to schools participating in the Common Origination and Disbursement (COD) system phase-in. The YTD file consists of three parts: YTD origination records, YTD disbursement records, and YTD summary. Users of the file are advised to read the announcement closely, because there are minor discrepancies in the files that are explained in the announcement.

REPORTING OF FIRST ESTIMATED FIRST DISBURSEMENT DATE FOR PELL ORIGINATIONS

ED issued an [electronic announcement](#) addressed to COD Phase-In Participants that provides guidance on:

- reporting the Enrollment Status for Pell Originations,
 - making the first report of Estimated Disbursement Dates for Pell Originations, and
 - how to reduce the number of duplicate originations errors.
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PELL GRANT AWARD AMOUNT CENTS/ROUNDING SOFTWARE FIX

On December 20, ED announced that the COD software had been modified to allow cents to be entered when submitting Origination Records for Pell Grant awards. The [message](#) contains instructions for schools to follow if they wish to correct Origination Records previously submitted.

ED ANNOUNCES WORKSHOPS ON STUDENT ELIGIBILITY AND THE 2003-2004 DELIVERY SYSTEM

ED has scheduled workshops on student eligibility basics and the delivery system for 2003-2004. [ANN-02-07](#) announces a series of two-day workshops designed to help financial aid professionals manage various aspects of student eligibility and to update their knowledge of the

Title IV delivery system. Fifty sessions are planned, and seating is limited. You can [register on-line](#).

CORRECTION TO “SUMMARY OF CHANGES TO THE 2003-2004 APPLICATION PROCESSING SYSTEM”

On January 13, ED released a correction to ["Summary of Changes to the 2003-2004 Application Processing System"](#) in Adobe Acrobat format.

ED ANNOUNCES TRAINING FOR EDEXPRESS APPLICATION PROCESSING

ED will hold 35 EDEExpress Application Processing workshops across the country between January and March 2003. The one-day workshops will cover enhancements to the 2003-2004 software and provide tools for processing and managing application data. [ANN-03-01](#) contains all of the details. To register go to ED's [FSA University](#) Web site. Seating is limited.

2003-2004 EDEXPRESS FOR WINDOWS, VERSION 9.0 RELEASED

ED has released the first three modules of the [2003-2004 EDEExpress for Windows, Version 9.0](#). The Direct Loan and Pell modules will be released together in a future software version. The 2003-2004 EDEExpress for Windows “Installation Guide, Cover Letter, Application Process Desk Reference” and “Packaging Technical Reference” are also available from the same site.

FINAL 2003-2004 STUDENT AID REPORT AND SAR ACKNOWLEDGEMENT MOCKUPS AVAILABLE

The final 2003-2004 Student Aid Report (SAR) and SAR Acknowledgement mockups have been posted by ED. The overall format of the [2003-2004 SAR](#) has not changed from the 2002-2003 format. Two new fields have been added, one for “Date of Marital Status” and one for an e-mail address that can be corrected. The mockups are in Adobe Acrobat format. The color of the SAR is yellow.

2003-2004 FEDERAL PELL GRANT PAYMENT SCHEDULES ON HOLD

The 2003-2004 Federal Pell Grant Payment Schedules are on hold because Congress has not yet passed the FY 2003 appropriations bill for the Federal Pell Grant Program. Section 482 of the Higher Education Act requires ED to publish final Federal Pell Grant Payment Schedules by February 1 of each year. If no appropriations bill is passed by that date, ED will publish the 2003-2004 Federal Pell Grant Payment Schedules based on FY 2002 funding levels as provided by the continuing resolution passed earlier by Congress. If additional funding is provided later, ED will publish new payment schedules.

2003-2004 ISIR GUIDE AVAILABLE ON THE WEB

ED has posted the [2003-2004 ISIR Guide](#) which is available in either Adobe Acrobat or MS Word format.

UPDATED 2003-2004 SAR/ISIR COMMENT CODES

ED has posted the [2003-2004 SAR/ISIR Guide](#) containing changes made during January 2003.

2003-2004 EFC FORMULA AND TABLES AVAILABLE

The [2003-2004 EFC Formula and Tables](#) are available in Adobe Acrobat format. Please note that the maximum EFC in order to be eligible to receive a 2003-2004 Federal Pell Grant has not yet been determined.

DEPENDENT AND INDEPENDENT 2003-2004 VERIFICATION WORKSHEETS AVAILABLE

ED has released the [Dependent and Independent 2003-2004 Verification Worksheets](#) in Adobe Acrobat format. Use of these worksheets is not required. You can choose to use these worksheets, worksheets designed by the institution, or no worksheets at all. However, required FAFSA data elements must still be documented for all students selected for verification.

CPS TEST SYSTEM FOR 2003-2004 AVAILABLE

ED has announced the availability of the CPS (Central Processing System) Application Processing System for 2003-2004. This system provides schools and third-party software developers with a venue for testing their software outside of the production environment. The [electronic announcement](#) states that, unlike previous years when the test system ran for a limited time, the new system will be available continuously until August 2004.

2003-2004 EDESUITE PROCESS GUIDE POSTED

ED has posted the [2003-2004 EDESuite Process Guide](#). This guide provides information on the enhancements the Office of Federal Student Aid had made to the EDESuite program of software products for 2003-2004.

ED SOLICITS COMMENTS ON CHANGES TO 2004-2005 FISAP

ED is requesting schools to review the Fiscal Operations Report for 2003-2004 and Application to Participate for 2004-2005 (FISAP) and Reallocation Form E40-4P. The Reallocation form is part of the FISAP on the Web. Schools will use it in the summer to return unexpended funds for 2002-2003 and to request supplemental Federal Work-Study funds for 2003-2004. The [Federal Register](#) can be found by scrolling down to the “Education Department” entry and selecting either the MS Word or Adobe Acrobat format of the “Agency information collection activities: Proposed collection; comment request, 546–547 [03–137].”

CORRECTING DATA CONFLICTS ON NSLDS

NASFAA has reported that representatives of the NSLDS Customer Care Center (CCC) explained to participants at the ED’s Electronic Access Conference how it is easier to report data conflicts. Aid administrators can now contact NSLDS CCC directly to report data conflicts by calling 1-800-999-8219 and selecting Option 3 or by e-mail at nsldsccc@raytheon.com. A data conflict is defined as a discrepancy that affects the student’s Title IV eligibility such as:

- an incorrect student identifier (student’s first name, date of birth, or Social Security number,
- an incorrect default or overpayment status,
- an incorrect award amount, or
- a duplicate record.

The definition of a data conflict does not include:

- a current year Federal Pell Grant issue,
- an incorrect middle or last name of a student,
- incorrect information in the history portion of a student’s record,
- a loan status that has recently changed, a loan status that does not affect the student’s eligibility, or
- the aggregate loan determination for Consolidation Loans.

When a data conflict is reported, a tracking number is assigned to the reported conflict. The school must provide this tracking number when providing the CCC with documentation that substantiates the requested data change. CCC will then work with the data provider to resolve the conflict.

CCC is not authorized to assist students directly. Current students will be referred to their schools. Former students will be referred to www.nsls.ed.gov or to the Federal Student Aid Information Center for details regarding the current holder of the student’s loan. Should the holder of the loan be closed, the student will be referred to the Loan Ombudsman.

ED’S DEFAULT REDUCTION ASSISTANCE PROGRAM IS UNAVAILABLE

ED has announced that its Default Reduction Assistance Program (DRAP) is currently unavailable. ED is making changes in the way that it accepts and processes defaulted Perkins

Loan borrower information. Until further notice, schools are asked not to submit any information, by either e-mail or regular mail. When all necessary changes have been implemented, ED will notify DRAP users that the program is again available.

FISCAL YEAR 2001 COHORT DEFAULT RATE CALCULATIONS

NSLDS calculated draft FY 2001 cohort default rates on January 11, 2003 and will release them on February 17, 2003. Official FY 2001 default rates will be calculated August 2, 2003 and released on September 15, 2003.

BUSH ADMINISTRATION'S PROPOSALS FOR HIGHER EDUCATION ACT INCLUDE PERFORMANCE-BASED GRANTS AND INCREASED TEACHER LOAN FORGIVENESS

On December 20, ED released a document that provides a preliminary glimpse into the Bush administration's priorities for the next reauthorization of the Higher Education Act. The document is available [on-line](#). Scroll down to the Education Department and select "Postsecondary education: Higher Education Act; reauthorization 77967-77967 [02-32089]." The document is available in MS Word or Adobe Acrobat format.

On January 21, Education Secretary, Rod Paige, announced that the 2003-2004 budget proposals from President Bush call for increasing the amount of loan forgiveness for selected teachers who serve high poverty populations from the present \$5,000 to \$17,500. The [press release](#) contains statistics on the numbers of teachers currently receiving loan forgiveness and the projected increase under this proposal.

NASFAA SENDS HIGHER EDUCATION ACT RECOMMENDATIONS TO THE HOUSE OF REPRESENTATIVES

NASFAA sent its recommendations on the reauthorization of the Higher Education Act to the House of Representatives Subcommittee on 21st Century Competitiveness on December 19. The recommendations address all of the major concerns of student financial aid administrators. [NASFAA's recommendations](#), which are already extensive, will be modified in late January or February to include some recommendations that were approved recently and to include specific proposed legislative language for all of the recommendations.

H.R. 12 – FED UP LEGISLATION INTRODUCED

Representative Buck McKeon introduced H.R. 12 on January 7. This is a new version of the FED UP bill that failed to pass the house floor in 2002. The bill was introduced with bipartisan support and includes most of the same provisions as last year's bill plus some additions. The new additions include:

- a provision to forgive the student loans of the spouses of fire, police, military and rescue personnel who were victims of the September 11, 2001, terrorist attacks,

- a proposal to waive, in some cases, the rule prohibiting institutions of higher education from offering more than 50% of their total coursework through Web-based instruction, and
- a proposal to limit loss of Title IV financial aid of eligibility in the case of a federal drug offense conviction to persons who were students receiving Title IV financial aid at the time of conviction.

You can view the [NASFAA article](#) if you have a NASFAA ID and password. The legislation can be read and tracked at <http://thomas.loc.gov/> by clicking on the "Bill Text for the 108th Congress" and entering "HR 12" in the first text box.

MAPPING YOUR FUTURE OFFERS DEFAULT MANAGEMENT ASSISTANCE TO FINANCIAL AID PROFESSIONALS

Not sure what financial literacy tools are available for students? Want more information about intervention techniques for borrowers who are in their grace period or are already delinquent on their student loans? Financial aid professionals now have an opportunity to ask guaranty agencies, lenders, and secondary markets about default prevention and debt management techniques during an online chat offered by Mapping Your Future (<http://mapping-your-future.org>).

Mapping Your Future, a public service Web site providing college, career, and financial aid information and services, will offer a daytime Default Prevention and Debt Management Training Chat on Feb. 12, 2003. This live event, scheduled for 3-4 p.m. EST; 2-3 p.m. CST; provides a unique opportunity to receive advice about default prevention and debt management efforts on campus. The interactive event is designed to help financial aid professionals develop or enhance their default management plans without leaving their offices.

Anyone with Internet access can join in the Chat by visiting <http://mapping-your-future.org> on the World Wide Web. On the day of the Chat, visitors will go to <http://mapping-your-future.org> and select the Chat session. Simple instructions will guide them on how to join the event. Visitors can register to be reminded about the chat by signing up online at <http://mapping-your-future.org/services/chatnight.htm>.

If you have questions on any article or suggestions for future articles, please contact Gary Rogers at 800-342-1663 or 615-741-1346; e-mail address: gary.rogers@state.tn.us.